

The FY 2012 Budget

California Marine and Navigation Conference

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US Army Corps of Engineers

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Agenda

- **Fiscal Year 10 Accomplishments**
- **FY 2012 Budget Highlights & Outcomes**
- **National Initiatives**
- **Discussion**

Contributions to the Economy and the Environment

Recreation areas:
370 M Visitors/yr
Generate \$18B
in economic
activity,
500,000 jobs

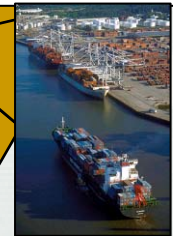


**1/4 of Nation's
Hydropower:**
\$800M + in
power sales



**12,000 miles of
Commercial Inland
Waterways**
transport goods at
1/2 the cost of rail or
1/10 the cost of
trucks

**Maintenance of
~200 Shallow &
Deep Draft
Harbors**



Water-based Recreation
54,879 Miles Of Shoreline
at USACE Lakes



**557 Dams and 11,750
Miles of Levees**



**Stewardship of
11.7 Million Acres
Public Lands**



**137 Major Environmental
Restoration Projects**



US Ports & Waterways Convey > 2.2 billion Tons Commerce
Corps Maintained Ports Provide Strategic Deployment Capability
HMTF collects \$1.3 billion revenue

FY10 Accomplishments



- **NAVIGATION (\$1.8 billion)**

- Maintained 12,000 miles of commercial navigation channels serving 41 states
- Transported 95% of foreign commerce (2.2 B tons); 16% domestic commerce
- Maintained 238 lock chambers at 192 sites
- Dredged and disposed of 263 million cubic yards of material

- **FLOOD RISK MANAGEMENT (\$1.9 billion)**

- 557 dams and 11,750 miles levees prevented \$29.5 billion in flood losses
- An average return of 7:1 on flood damage reduction projects
- Implemented Dam & Levee Safety Programs

- **WATER SUPPLY (\$5 million)**

- Provided 9.8 mil acre-feet of water supply storage space at 136 projects in 25 states plus Puerto Rico
- Enough water to supply ~4.4 million households or ~7 Seattle-sized cities

- **ENVIRONMENT (\$984 million)**

- Assisted with recovery of 53 species at 133 projects
- Restored 10,000 acres of habitat
- 13% of habitat is nationally significant
- **FUSRAP--**Returned 12 properties to communities

FY10 Accomplishments

• **REGULATORY**

- Final action on 68,800 permits
 - 43,213 permits: avg < 60 days
- 6,074 individual permits: avg = 264 days
- 31,698 general permits: average = 35 days
- Replaced 18,800 acres of permanent impact with 36,000 acres of permittee responsible mitigation
- Permits denied = 275, modified = 3,100, withdrawn = 10,200

• **RECREATION**

- Hosted 370 million visitor-days at Corps projects at 422 projects and 4,254 sites
- 1,885 recreation sites (44%) operated by others
- Supported 100 mil fishing, 9 mil hunting & 63 mil wildlife watching visits at Corps projects
- 33% of all freshwater fishing in U.S.
- \$18 billion spent
- 54,917 volunteers worked 1.4 million hours worth \$28 million in volunteered time



• **EMERGENCY RESPONSE**

- Responded to 20 FEMA disasters
- Deployed 855 personnel

• **HYDROPOWER**

- 75 Corps plants w/350 units
- 90 Non-Fed plants on Corps sites
- 68 billion kilowatt-hours produced
- 14% of personal household energy requirements
- ~\$4 billion revenue; \$800 million repaid to Treasury

FY 2012 Civil Works Budget Highlights

Presidential Budget Priorities

- **Reduce the Deficit**
- **Create Jobs and Restore the Economy**
- **Improve Infrastructure**
- **The Environment**



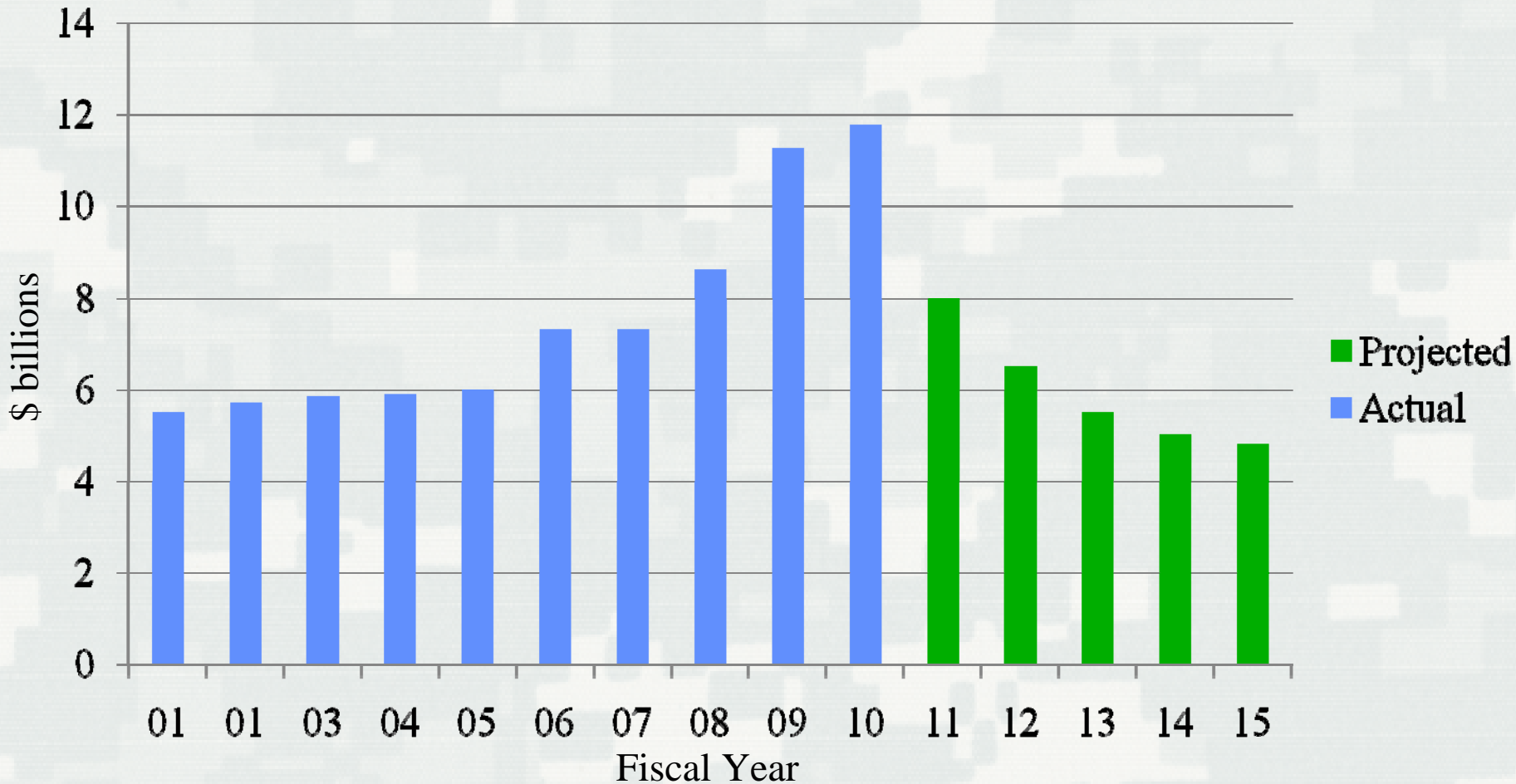
The Budget Message of the President

“But in an increasingly competitive world in which jobs and businesses are mobile, we also have a responsibility to invest in those things that are absolutely critical to preparing our people and our Nation for the economic competition of our time

We do this by rebuilding America’s infrastructure so that U.S. companies can ship their products and ideas from every corner in America to anywhere in the world.”



Historical & Projected Obligations



NOTE: ~\$18 billion in 9 Supplemental Appropriations from FY05-10

Budget Arithmetic – FY2012

Civil Works Budget Ceiling ~\$4,600 million

Allocate GE, Reg., FCCE, Rec., FUSRAP... - 800

Allocate Base O&M (~75% of required) - 1,600

Essential Dam Safety - 400

Aquatic Ecosystem Restoration - 500

Continuing Construction at Base Level - 1000

Planning Studies - 100

Minimum Essential Allocation = - \$4,400



Left for all other CW Projects & Programs ~\$200 million

*Use the \$200 million for project major maintenance.

THAT'S IT!

FY2012 CW Program by Account

(\$ Millions)

Account	FY 2011 Budget	FY 2012 Budget	FY11-12 Change
Construction	\$1690	\$1480	-210
Operation & Maintenance	\$2361	\$2314	-47
Mississippi River & Tributaries	\$240	\$210	-30
Regulatory	\$193	\$196	+3
FUSRAP	\$130	\$109	-21
Investigations	\$104	\$104	0
Flood Control/Coastal Emergencies	\$30	\$27	-3
Expenses	\$185	\$185	0
ASA(CW)	\$6	\$6	0
Total*	\$4939	\$4631	-308

*** FY12 Budget is \$308 million (6%) below FY11 Budget**

FY12 Budget is \$913 million (17%) below FY10 Appropriation

As of 11 Feb 11 12:30

FY2012 CW Program by Business Line

(\$ Millions)

Business Line	FY 2011 Budget	FY 2012 Budget	FY11-12 Change
Navigation	1658	1575	-83
Flood Risk Management	1543	1447	-96
Aquatic Ecosystem Restoration	582	533	-49
Recreation	280	259	-21
Hydropower	207	182	-25
Regulatory	193	196	+3
Environmental Stewardship	108	100	-8
FUSRAP	130	109	-21
Emergency	43	34	-9
Water Supply	4	5	+1
Expenses	185	185	0
OASA (CW)	6	6	0
Total	4939	4631	-308

*** FY12 Budget is \$308 million (6%) below FY11 Budget**

As FY12 Budget is \$913 million (17%) below FY10 Appropriation

Key Budgeting Metrics

- **CONSTRUCTION**

- Flood Risk Mgmt., Navigation, Hydropower – Benefit to Cost Ratio (BCR)
- Flood Risk Mgmt., Navigation – Dam Safety & Seepage Stability (Continuing DSAC 1 & 2, continuing contracts (2))
- Flood Risk Mgmt., – Risk to Live Index (Warning time, flow, depth, ...)
- Environmental – Points for loss prevention and for significant natural resources

- **O & M**

- Navigation, Flood Risk Mgmt., Hydropower– Risk & Consequences Assessment
- Navigation – Tonnage movements (Harbors: tons; Waterways: ton-miles)
- Recreation – Park Capacity and Facility Condition Index, Visitation ...

- **ALL ACCOUNTS**

- Continuing/New/Completing/Years to Complete
- Watershed Elements (Mainly studies w/BCR for PEDs)
- Endangered Species Act & and Regulatory Compliance
- Health, Safety, Caretaker, Legal, Subsistence

Budget Outcomes Studies

PROGRAM	NO PROJECTS	TOTAL \$ Millions
Flood Damage Reduction	19	\$ 18.8
Navigation	11	7.2
Environmental Restoration	49	28.6
Environmental Restoration-MR&T)	1	1.0
Total	80	\$ 54.6

Budget Outcomes

Investigations –

- Continue highest performing studies and design
- Four new studies: Englebright and Daguerre Point Dams (Yuba River), California Fish Passage; Cano Martin Pena, Puerto Rico; the Chesapeake Bay Comprehensive Study; and the Louisiana Coastal Area Comprehensive Study
- No new PED's
- 6 PED completions: All in LA Coastal Area Ecosystem Restoration.
- No increase from 2011.
- PEDs with BCRs of 2.5 to 1 or higher are funded.

Budget Outcomes Construction

PROGRAM	NO PROJECTS	TOTAL \$ Millions
Dam Safety, Seepage, Static Instability	10	\$ 437
Substantial Life Saving Benefits	20	170
Environmental Restoration or Mitigation	15	225
High Performing Continuing (BCR/Environ)	36	416
Continuing Contracts	2	162
FY 2012 Completions	3	3
New Start High Performing	2	11
MR&T	4	78
Total	92	\$1,502

Budget Outcomes

Construction –

- Continue 100% funding for legal requirements (mitigation & BIOPs) & Dam Safety.
- IWTF construction and rehabilitations constrained to anticipated revenues of \$77M.
- Two hydropower mitigation projects for \$5M.
- CAP - Funding at \$23M using unobligated balances from Sections 14, 103, 107 and 208
- 2 new construction starts: Hamilton City, CA and Raritan to Sandy Hook (Port Monmouth), NJ
- 2 continuing contracts: McCook and Thornton Reservoirs, IL (\$12M) and Olmsted Locks and Dam, IL & KY (\$150M).
- 3 construction completions: Crookston, MN; Dover Dam, OH; and Santa Paula Creek, CA.
- Environmental Restoration - Continues Everglades. Continues Columbia River Fish Mitigation and Missouri Restoration

Budget Outcomes Operations & Maintenance

PROGRAM	NO PROJECTS	TOTAL \$ Millions
Regular O&M	582	\$ 2,100
Regular O&M – MR&T	32	129
Total	612	\$ 2,229

*** Average amount ~ \$3.6 million O&M/project**

Budget Outcomes

Operations & Maintenance –

- 3% decrease in bottom line.
- Water Supply - collections and operations + Upper Missouri study
- Low Use Commercial Navigation - reduced by ~50%.
- Recreation – funding reduced from \$282M to \$259M. Some impacts likely (closed parks, reduced services at some parks)
- Reimbursement to Fish & Wildlife Service for hatchery maintenance

Regulatory Program – Increased from \$193 million to \$196 million to implement new field level initiatives for Clean Water Act jurisdictional determination and rulemaking and inflation.

FUSRAP – Reduced to \$109 million for studies and ongoing remediation

Budget California Navigation

Planning

MSC	ACCT	BL	PROJECT NAME	2011 Budget	2012 Budget
SPD	I	NAV	LOS ANGELES COUNTY, CA	0	\$80,000

Construction

MSC	ACCT	BL	PROJECT NAME	2011 Budget	2012 Budget
SPD	C	NHD	OAKLAND HARBOR (50 FOOT PROJECT), CA	4,330,000	\$350,000
SPD	C	NHD	SACRAMENTO DEEPWATER SHIP CHANNEL, CA	\$12,500,000	\$3,500,000

Related Environmental Restoration

MSC	ACCT	BL	PROJECT NAME	2011 Budget	2012 Budget
SPD	C	ENR	HAMILTON AIRFIELD WETLANDS RESTORATION, CA	\$20,000,000	\$8,250,000

Budget California Navigation

Operations and Maintenance

MSC	ACCOUNT	BL	PROJECT NAME	2011 Budget	2012 Budget
SPD	O&M	NAV	CHANNEL HARBOR ISLANDS, CA	\$4,600,000	\$525,000
SPD	O&M	NAV	CRESCENT CITY HARBOR, CA	\$0	\$0
SPD	O&M	NAV	HUMBOLDT HARBOR AND BAY, CA	\$5,848,000	\$2,800,000
SPD	O&M	NAV	MARINA DEL REY, CA	\$2,050,000	\$3,170,000
SPD	O&M	NAV	MORRO BAY HARBOR, CA	\$1,590,000	\$1,590,000
SPD	O&M	NAV	NEWPORT BAY HARBOR, CA	\$1,280,000	
SPD	O&M	NAV	OAKLAND HARBOR, CA	\$7,500,000	\$8,755,000
SPD	O&M	NAV	OCEANSIDE HARBOR, CA	\$1,520,000	\$1,520,000
SPD	O&M	NAV	PINOLE SHOAL MANAGEMENT STUDY, CA	\$0	\$0
SPD	O&M	NAV	PROJECT CONDITION SURVEYS, CA	\$2,132,000	\$1,710,000
SPD	O&M	NAV	REDWOOD CITY HARBOR, CA	\$0	\$0
SPD	O&M	NAV	RICHMOND HARBOR, CA	\$8,375,000	\$8,146,000
SPD	O&M	NAV	SACRAMENTO RIVER (30 FOOT PROJECT), CA	\$3,585,000	\$0
SPD	O&M	NAV	SACRAMENTO RIVER AND TRIBUTARIES (DEBRIS CONTROL), CA	\$1,475,000	\$407,000
SPD	O&M	NAV	SACRAMENTO RIVER SHALLOW DRAFT CHANNEL, CA	\$161,000	\$125,000
SPD	O&M	NAV	SAN DIEGO HARBOR, CA	\$0	\$3,800,000
SPD	O&M	NAV	SAN FRANCISCO BAY, DELTA MODEL STRUCTURE, CA	\$1,087,000	\$0
SPD	O&M	NAV	SAN FRANCISCO BAY, LONG TERM MANAGEMENT STRATEGY, CA	\$0	\$0
SPD	O&M	NAV	SAN FRANCISCO HARBOR AND BAY, CA (DRIFT REMOVAL)	\$3,090,000	\$1,979,000
SPD	O&M	NAV	SAN FRANCISCO HARBOR, CA	\$2,776,000	\$2,548,000
SPD	O&M	NAV	SAN JOAQUIN RIVER, PORT OF STOCKTON, CA	\$3,603,000	\$3,746,000
SPD	O&M	NAV	SAN PABLO BAY AND MARE ISLAND STRAIT, CA	\$2,750,000	\$3,470,000
SPD	O&M	NAV	SANTA BARBARA HARBOR, CA	\$2,040,000	\$2,040,000
SPD	O&M	NAV	SUISUN BAY CHANNEL, CA	\$2,980,000	\$2,770,000
SPD	O&M	NAV	VENTURA HARBOR, CA	\$2,840,000	\$2,805,000
SPD	O&M	NAV	YUBA RIVER, CA	\$121,000	\$67,000

Reduced Funding

Low Priority Programs

- Aquatic Plant Control Program
- National Estuary Program (Activity)
- North American Waterfowl Management (Activity)
- Section 14 - Emergency Stream Bank & Shoreline Protection Program
- Section 103 - Small Shore Protection Projects Program
- Section 107 - Small Navigation Projects Program
- Section 208 - Snagging & Clearing Projects Program
- Low-Use Commercial Navigation
- Formerly Utilized Sites Remedial Action Program

Rationale:

- These are relatively small programs that can be carried out by the States and communities that directly benefit from the investments.
- Reduction will focus available funds on most important national needs.

Administration Initiatives

- Five Large Scale Ecosystems (\$284M)
- Sustainability and Energy (\$12.3M)
- America's Great Outdoors (\$259M)
- **Government-Wide Initiatives**
 - Acquisition Improvements & Workforce
 - IT Infrastructure & Program Management
 - Improving Employee Engagement & Wellness

Nine Large Scale Ecosystems

(Dollars in Millions)

<u>Ecosystem</u>	<u>FY 2012</u>
California Bay Delta*	45
Chesapeake Bay*	17
Everglades*	168
Great Lakes*	27
Gulf Coast*	27
Columbia River System	133
Puget Sound	3
Missouri River System	74
Upper Mississippi River System	<u>18</u>
Total	512

* Integrated, synchronized interagency budgets

* Integrated, synchronized interagency budgets

Program & Project Mgt Issues



US Army Corps of Engineers
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Program Issues

- ***Ports Contribution to maintenance dredging or dredged material disposal***
 - Ports may do the work
 - Ports may contribute
- ***Performance Metrics***
 - Tons for ports
 - Ton-miles for inland waterways
 - Other metrics (Subsistence, Refuge, Safety, USCG)
- ***Reprogramming***
 - See FY10 Appropriations Bill, General Provisions, Section 101

Project Management Issues

- ***Frequency of PM Turnover***
 - LCMP is a [elusive] goal, but it happens
 - Project partners should participate in the PDT/PMP
 - See your DPM (Deputy for Program and Project Mgmt) if this is a problem. Put plan in the PMP
- ***Training***
 - In-House Training
 - PMI Certification
- ***Communication with Sponsors***
 - Put the communications plan in the PMP
- ***Who controls the project account?***
 - The Project Manager
- ***Staying on schedule***
 - Should be a risk-based cost and schedule
 - If funding is not a barrier, stick to it

USACE

DISCUSSION